



CITY COUNCIL

Finance Committee

**Monday, October 1, 2007
Meeting Report**

I. Committee of the Whole

Attending: V. Spencer, M. Goodman-Hinnershitz, S. Marmarou, D. Sterner, M. Baez, J. Waltman, S. Fuhs, L. Lee,

Others Attending: L. Churchill, C. Kanezo, C. Younger, L. Kelleher

Ms. Goodman-Hinnershitz, Chair called the meeting to order at 5:00p.m.

A. Parking Authority – Commercial Loading Zone Ordinance

Mr. Lee requested Council consider adopting a Commercial Loading Zone Ordinance. The ordinance would facilitate improved access to the new garage at 2nd and Washington Streets. Mr. Lee explained the retail space situated at the garage would require periodic replenishment; the logistics of this would involve large tractor trailers occupying space along Washington Street.

Mr. Marmarou inquired if existing State Law applied to the request. Ms. Kelleher reported that research conducted by her, the Police Chief and the Parking Authority Solicitor shows State regulations only apply in instances where roads are part of the State Highway system. Mr. Marmarou further inquired as to the length of the proposed zone. Mr. Lee indicated the zone would be exactly 180 feet in length, which is long enough to accommodate two eighteen wheel tractor trailers.

Mr. Waltman remarked that he understood why Mr. Lee was requesting the creation of a new type of loading zone; however, Mr. Waltman questioned if it wouldn't be simpler to just forbid parking in the proposed area and exempt tractor trailers. Mr. Lee stated that the

garage would be a fully automated garage, meaning staff would not be present to enforce the prohibition.

Mr. Fuhs stated he would support the new zone, provided traffic problems did not result. Mr. Lee assured Mr. Fuhs and the rest of Council that the unloading of materials would not impede the flow of civilian traffic along 2nd and Washington Streets.

Mr. Spencer thanked Mr. Lee for meeting with Council and stated that the proposed ordinance would be introduced at the October 8th meeting of Council.

Mr. Lee thanked the members of Council for their time and consideration.

B. Human Relations Commission

Mr. Churchill reported that folding the City Human Relations function into a larger County Human Relations Commission is a time consuming and bureaucratic process; one which typically takes between three and four years to complete. Mr. Churchill outlined, in simplified form, the steps that would need to be followed:

- Council would need to approve an ordinance authorizing the merger;
- The ordinance would be reviewed by the County, State and Federal Governments;
- A detailed Commission budget would need to be presented and approved by the City and County;
- Some form of public hearing would likely be required;
- New Staff would be necessary;
- New office space would need to be located and secured.

Mr. Churchill stated that given the steps outlined, the Administration is prepared to retain the Human Relations function as an internal operation. Retaining the function will result in a modest budget increase, reflecting the dual roles – housing and employment oversight – performed by the office.

Mr. Spencer expressed concern with the structure of the current Human Relations Commission and the possible compromises of office independence and integrity that might be occurring.

Mr. Churchill agreed that the current members of the Human Relations Commission have, from time to time, crossed certain boundaries. A new process is being developed that will ensure members of the Commission are separated from investigations, similar to that used by the Charter Board.

Mr. Fuhs remarked that given the many responsibilities of the organization, the proposed 2008 Human Relations budget of \$261,500.00 seems reasonable.

Mr. Churchill stated certain economies were made in order to bring the proposed budget down to an acceptable figure. The largest expense is salary.

Mr. Sterner inquired why one Investigator would be making nearly \$4,000.00 more per year than the other investigators in the office. Mr. Churchill stated that each investigator is being paid based on their skills and abilities. The investigator Mr. Sterner was referring to possessed more experience and ability than the other investigators in the office.

Mr. Spencer thanked Mr. Churchill for his evaluation of the Human Relations Commission.

Finance Committee

Committee Members in Attendance: M. Goodman-Hinnershitz, Chair, S. Fuhs, J. Waltman

Others Attending: L. Churchill, D. Cituk, R. Hottenstein, J. Khokhar, D. Vind, C. Younger, L. Kelleher, V. Spencer

I. Presentation and Review of CDBG Action Plan

Mr. Churchill and CD Staffer, Neil Nemeth, (via conference call) reviewed the proposed CDBG budget. The 2008 proposal totals \$3 million. The 2007 CDBG budget totaled \$3.1 million. The four areas of the proposed CDBG budget cover:

- Public Services
- CDBG
- HOME
- ESG

The first area, Public Services, cannot exceed 15% of the cap or \$450,000. The Public Services allocation for 2008 is reduced by approximately 25%. The allocation plan covers the following:

- Community Policing \$329,000
- Millmont RAFT \$15,000
- Office of Neighborhood Development and Reading Beautification Organizers \$30,000
- Recreation NEAR \$70,000
- Public Service Activity Delivery (Administrative) \$6,000

Ms. Goodman-Hinnershitz noted the drastic reduction in the Olivet's allocation. She expressed concern that the elimination of this program in southeast Reading will have a

negative impact. She noted the importance of having good recreation programs serving the youth in this area.

Mr. Churchill explained that the Office of Neighborhood Development and Reading Beautification allocation is to cover graffiti removal and neighborhood organizers. He explained that the County-wide graffiti removal program described earlier in the year will not occur. Ms. Goodman-Hinnershitz requested a breakdown of service delivery in this program.

Mr. Churchill stated that currently between four and twelve NEAR centers are operational. Mr. Spencer questioned the number of children participating in the program.

Ms. Goodman-Hinnershitz noted the need to examine the viability and sustainability of existing programs to be sure the City is funding services used by the community.

Mr. Churchill next reviewed the CDBG allocations covering the following:

- Abe Lincoln Section 108 Payment \$216,000
- Adopt-a-Tree \$20,000
- CDBG Program Administration \$600,000
- Code Enforcement \$350,000
- Commercial Façade \$100,000
- Emergency Demolition \$500,000
- Replacement of Fire Ladder Truck 3 \$144,000
- Habitat Land Acquisition \$50,000
- Hampden Park Tennis Court Repairs \$165,000
- Hillside Playground \$115,000
- Major System Rehab (NHS) \$150,000
- NHS HOP \$100,000
- Residential Façade \$40,000

Totaling \$2,550,000

Mr. Churchill stated that Our City Reading deconversions were not funded due to the expense to deconvert per property. He noted that the funds budgeted in 2007 (\$200,000) were not drawn down.

Mr. Spencer expressed the belief that the City should be prepared to provide some assistance to the deconversion effort. Ms. Kelleher agreed noting the need to consider providing assistance to homeowners for deconversions necessitated through the implementation of the Housing Permit process.

Mr. Churchill explained that the Major Systems Rehab allocation is a \$5,000 grant per property. The property owned must live in the home for a three year period.

Mr. Churchill stated that the Group Work Camp project will not be funded and shifted over to NHS.

Mr. Churchill next highlighted the HOME allocations covering the following:

- HOME Administration \$95,000
- NHS CHDO set aside \$150,000
- Activity Delivery Rehabilitation Specialist Salary \$125,000

Totaling \$950,000

There were no questions about this allocation.

Mr. Churchill next highlighted the ESG allocation which has a 5% cap totaling \$135,000. Included are:

- ESG Administration \$6,750
- Opportunity House \$128,250

Mr. Fuhs questioned the Administration's decision to provide funding to Opportunity House as many of these Board members also sit on the Community Foundation. He stated that these same Board members support the mis-use of the drug forfeiture money as recommended by the District Attorney

II. Presentation of Preliminary 2008 Budget

Mr. Hottenstein stated that the expenditures are not ready for distribution. He stated that he expects to have the expenditures prepared for Council by the end of the week.

Summary of Revenues

Mr. Hottenstein distributed the 2008 Revenue Budget.

Mr. Hottenstein also introduced David Vind, present to discuss the proposed termination of five existing SWAP contracts. Mr. Hottenstein distributed a memorandum outlining the proposed transaction.

David Vind, Financial Solutions, provided rationale and background about the SWAP transaction. He explained that the City received a total of \$1.3 million as a result of these five SWAP contracts. A termination of these five existing SWAP contracts will eliminate any potential future obligation and preserve a significant portion of cash resulting from the execution of the transaction. Fees to terminate the SWAPs are as followings:

- \$15,000 to Financial Solutions

- \$5,000 to Stevens and Lee
- \$55,000 payment to Wachovia

He stated that the total cost to the City is \$210,000.

Mr. Fuhs questioned if the City will be working on any additional SWAPs. Mr. Churchill replied that no additional SWAPs will be proposed in the near future as the Finance Director wants to move away from this mechanism.

Mr. Fuhs questioned the benefit of waiting a year to cancel these contracts. Mr. Vind explained that if the City waits a year it may lose its ability to get out at a gain as dramatic as the one proposed.

After a brief discussion, the Finance Committee referred the termination of the five SWAPS to the October 8, 2007 agenda with their recommendation.

Revenues for 2008 total \$63 million, a slight reduction from 2007.

Mr. Hottenstein explained that the EMST is budgeted at \$600,000 less than 2007 due to the legislative adjustment made at the State level.

Mr. Hottenstein stated that trends show the Real Estate Transfer Tax will level off. The City is budgeting \$2 million less than 2007.

Mr. Hottenstein stated that the meter surcharge will bring in an additional \$850,000. City Council passed the meter surcharge at the end of 2004 requiring \$2.50 per meter to come to the City of Reading.

Mr. Hottenstein stated that the revenues suggest an increase in the Reading School District Tax service charge due to the increased administrative costs associated with the Homestead Act.

Mr. Churchill reported that the EMS user fees have increased by \$500,000 and are close to breaking even with costs.

Mr. Churchill noted the dramatic increase to employee contributions to medical insurance. This increase totaling \$350,000 is due to the contribution of the FOP, AFSCME, and management work groups. The IAFF is not expected to make a contribution in the 2008 budget year.

Preliminary 2008 Capital Improvement Program

Mr. Churchill distributed the proposed Capital Improvement Program covering the period of 2006 through 2012. The 2008 Plan includes the following:

- Security related office renovations \$30,600
- Green roof for City Hall \$336,000
- Improvements to 3rd and Spring Playground \$160,000
- Baer Park improvements \$100,000
- Upgrade to Council Chambers and Penn Room \$250,000
- Computer hardware and software improvement \$386,000
- First Energy Stadium repairs \$26,000
- Duryea Drive guide rail \$250,000

This subject will be further discussed at a future Finance Committee meeting.

III. Codes Budget

The proposed Codes Budget distributed to the Committee at the meeting requests \$1,348,174, a reduction of \$300,000 from that approved in 2007. Expenditures as of mid year total \$781,754. Mr. Hottenstein noted that this estimate does not include allocations for fringe benefits, pension, and social security. Fringe benefits, pension and social security expenditures budgeted in 2007 total approximately \$400,000. The Codes Department covers building and trades, property maintenance and zoning. The Codes salaries are estimated at \$974,220 which is approximately \$50,000 lower than that budgeted in 2007.

Mr. Khokhar noted that the three additional PMIs freed due to the repeal of the Property Settlement Review function allowed the reduction in geographical areas assigned to PMIs. It is believed that the restart of the Property Settlement Review as the Health and Safety Review Program will require an additional three inspectors and one clerk. He described the changes made in the Codes Service area to increase and improve efficiency and effectiveness.

Mr. Waltman suggested adding the Health and Safety Review Program duties to existing staff. He suggested reviewing the departmental organization to identify synergies.

Mr. Khokhar stated that the Administration is requesting three additional positions in the Zoning area. Mr. Khokhar and Mr. Churchill explained that these additional staffers will be cross trained to allow coverage of enforcement and administration at all times.

Mr. Khokhar stated that building and trades expect no changes.

The organization of the Codes staff will occur at an upcoming Budget Committee meeting.

IV. UDAG Loan Repayment

Mr. Spencer stated that this agenda item is related to the lack of response to his September 7, 2007 memorandum. The memorandum was issued to Mr. Cituk and Mr. Churchill. Mr. Hottenstein was asked to work with the Auditor to research and reply to the memorandum.

V. Trust Fund Ordinance

It was decided to use an account in the Agency Fund rather than creating a trust fund, which would require a Board of Directors and other operational provisions. Ms. Goodman-Hinnershitz will meet with Mr. Hottenstein and Mr. Younger to draft the appropriate documentation. Successful

The Finance Committee meeting adjourned.